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Milk Production Leveled Seasonally in 1961 and 1962

The Dairy Situation, Economic Research Service USDA, December 1962

Going into 1963, milk production will be above a year earlier and for the year probably will set a new record. Since the 1940's seasonal highs and lows in milk production have become much less pronounced. This shift was emphasized in 1961 and 1962 by the production gains over a year earlier during the fall and winter months and the 1962 summer decline in production below a year earlier.

The 1963 seasonal pattern of milk production may be affected slightly by prospective increases in movement of milk cows to slaughter. In 1963, the average decline in the number of cows milked is expected to be about 2½ times more than in 1962. Shortages of hay in the Northeastern States may cause considerable liquidation of milk cows there during the January-May period. Furthermore, beef cattle prices, seasonally adjusted, have improved since the fall of 1960, and since March of 1962 the milk-beef cattle price ratio has been at or below 0.15, which is the lowest since the summer of 1960. Together with slightly lower milk prices in early 1963, this will tend to induce some shift from milk to beef production. Since a large proportion of farm leases terminate at the end of February, and farms often change hands at that time, much of the adjustment in milk cow numbers is likely to occur around February.

In 1961 and 1962, milk production leveled out seasonally more than in former years. In the fall of 1961, milk production surged upward, reflecting higher support levels and the strong demand for milk by the cheese industry in the fall and winter of 1960-61. In the fall of 1962, production increased over a year earlier as the production rate rose from summer levels which had been lowered by drought. However, the long-time trend has been toward increased production in October-April and lower May-September production.

Heavier fall and winter milk production has been made more feasible by research which developed improved forage-curing and storage methods. Farmers are feeding higher quality roughage and more grain and concentrates, thereby maintaining milk production of fall-freshened cows at relatively high levels.

Price incentives in a large proportion of the major fluid milk markets have encouraged a high level of fall and winter production. In the 79 markets with Federal orders in May 1961, the weighted average blend price was 63 cents lower in May than November. This compares with a 27 cent May-November price difference for

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Commercial Milk Products Fed To Livestock

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Commercial milk products fed to livestock amounted to 320 million pounds in 1940 but declined to 211 million in 1943. From 1943 to 1953, the amount used for livestock feed varied somewhat from year to year, ranging from 221 million pounds in 1946 to 386 million in 1950. In 1954 CCC released 571 million pounds of nonfat dry milk purchased under the support program for use as animal feed. Consequently, the use of commercial milk products for livestock feed jumped from 345 million pounds in 1953 to 900 million in 1954. Since 1955, total use of commercial milk products for livestock feed has been fairly steady, ranging between 319 million and 340 million pounds.

In 1940, dried and concentrated skim milk were about half of the amount of commercial milk products fed to livestock. However, their use declined sharply during World War II, as all possible milk products were diverted to human use. By 1944, only 22 million pounds were fed to livestock. Approximately this level of use has been maintained since then. In addition to the dry and concentrated skim milk produced for animal feed, a few million pounds of nonfat dry milk in CCC stocks are sold for use as animal feed each year, usually about 10 million to 25 million pounds. In 1954, when stocks of nonfat dry

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Columbus

MARKET FACTS FOR EASY REFERENCE

	Jan. 1963	Dec. 1962	Jan. 1962
PRICE SUMMARY			
Producers' Uniform Price (3.5%)	$4.00	$4.36	$4.30
Producers' Uniform Price (4%)	4.36	4.72	4.68
Class I (3.5%)	4.22	4.31	4.517
Class II (3.5%)	3.797	3.889	4.117
Class IIi (3.5%)	3.651	3.673	3.892
Class IV (3.5%)	3.051	3.047	3.266
Producer Butterfat Differential for each one-tenth percent	7.2¢	7.2¢	7.6¢
UTILIZATION SUMMARY			
Percent of Producer Milk in Class I	77.7	78.0	79.3
Percent of Producer Butterfat in Class I	70.3	72.6	72.5
Percent of Producer Milk in Class II	6.6	5.6	6.3
Percent of Producer Butterfat in Class II	1.7	1.8	1.9
Percent of Producer Milk in Class III	2.2	2.0	1.9
Percent of Producer Butterfat in Class III	4.4	2.9	2.6
Percent of Producer Milk in Class IV	13.5	14.4	12.5
Percent of Producer Butterfat in Class IV	23.6	22.7	23.0
PRODUCER MILK RECEIPTS			
Total Pounds of Producer Milk Delivered	35,845,288	35,463,855	33,597,270
Average Daily Class I Producer Milk	898,247	892,208	859,117
Total Number of Producers	1,329	1,332	1,329
Average Daily Receipts per Producer	870	859	815
Average Butterfat Test	3.97	3.98	3.97
Total Value of Producers Milk at Test	$1,555,681.25	$1,568,452.42	$1,562,372.55
Income per Producer (7 day average)	$264.32	$265.89	$265.46
GROSS CLASS USE (Pounds)			
Class I Skim	26,844,023	26,631,684	25,669,670
Class I Butterfat	1,001,621	1,026,770	967,225
Class I Milk	27,845,644	27,658,454	26,636,895
Class II Skim	2,354,004	2,006,371	2,179,291
Class II Butterfat	23,434	24,739	24,512
Class II Milk	2,382,438	2,031,110	2,203,803
AVERAGE DAILY SALES (Quarts)			
Milk	310,467	297,184	309,228
Buttermilk	4,308	4,031	4,632
Chocolate	15,953	13,720	16,519
Skim	12,167	11,405	12,231
Cream	8,504	9,166	8,844

COMPARATIVE STATISTICS ☆ **COLUMBUS MARKETING AREA** ☆ Jan., 1954 - '63

Year	Receipts from Producers	Average Butterfat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1954	23,085,076	4.06	73.5	12.9	13.6	——	4.13	4.34	3.94	3.46	——	2,243	332
1955	23,237,473	3.97	78.1	7.2	5.5	9.2	3.95	4.142	3.742	3.742	3.166	2,146	349
1956	24,586,227	3.94	77.8	8.1	6.4	7.7	3.94	4.125	3.725	3.725	3.142	2,085	380
1957	23,716,076	3.90	86.0	7.6	3.1	3.3	4.46	4.554	4.154	4.054	3.067	1,936	395
1958	25,086,958	3.86	84.9	7.3	2.9	4.9	4.28	4.411	4.011	3.911	3.088	1,857	436
1959	24,104,575	3.94	86.7	7.5	1.6	4.2	4.34	4.442	4.042	3.942	2.867	1,705	456
1960	28,244,823	3.96	83.2	6.3	2.1	8.4	4.46	4.685	4.285	3.777	2.996	1,696	537
1961	29,526,971	3.92	81.1	6.7	1.7	10.5	4.49	4.74	4.34	4.017	3.096	1,497	636
1962	33,597,270	3.97	79.3	6.3	1.9	12.5	4.30	4.517	4.117	3.892	3.266	1,329	815
1963	35,845,288	3.97	77.7	6.6	2.2	13.5	4.00	4.22	3.797	3.651	3.051	1,329	870

Basis for Computing Parity Price Equivalent for Manufacturing Milk Changes

The Dairy Situation, Economic Research Service USDA, December 1962

The basis for determining the parity price equivalent for manufacturing grade milk has been changed. The change consists of the use of the broader price series for all manufacturing grade milk instead of the more limited 3-product price that was formerly used. The 3-product price includes prices for milk bought for use in American cheese, evaporated milk, and the combination of butter and byproducts. The price series for all manufacturing grade milk includes prices for milk used for all kinds of dairy products. It is a component part of the price series for all wholesale milk, which is used in computing the parity of price for all milk sold wholesale.

The parity price equivalent for manufacturing milk is now determined by: (1) Using data for the preceding 10 calendar years to compute the ratio of (a) the average price received by farmers f.o.b. plant for all manufacturing grade wholesale to plants and dealers. (This ratio is computed in January of each year and is used for the entire year.) (2) Multiplying the resulting ratio by the parity price for all milk sold wholesale.

The change in the price series used for calculating the parity price equivalent will have little effect on its level, because the price of all manufacturing milk has been close to the "3-products" price. In September and October 1962, using the old basis of computation, the parity price equivalent for manufacturing milk was $4.18 per 100 pounds for milk testing 3.82 percent butterfat instead of the $4.16 for milk testing 3.78 percent, computed on the new basis.

Total Stocks of Dairy Products Decline Seasonally

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Commercial stocks of dairy products continued to decline seasonally and were 4.7 billion pounds of milk equivalent at the end of October, 1.4 billion pounds less than a year earlier. End-of-year commercial stocks are likely to be around 3.5 billion pounds. Commercial butter stocks were 33 million pounds at the end of October compared with 49 million a year earlier and an average of 45 million for 1957-59. Cheese stocks declined slightly more in October than a year ago, falling 23 million pounds below September to 321 million compared with last year's September to October decline of 21 million. The October 1957-59 average for commercial cheese stocks was 254 million pounds.

October stocks of evaporated and condensed milk continued below October 1961. They were 229 million pounds of evaporated milk and 5.7 million pounds of condensed milk this year.

October commercial stocks of nonfat dry milk also continued sharply lower than in October 1961, amounting to 87 million pounds compared with 128 million in 1961.

Cold storage holdings of butter in Government hands fell from 384 million in October compared with a year-earlier decline of 4 million pounds. The increase in movement out of cold storage was due to lower CCC purchases this October than last, continued heavy CCC donations for domestic civilian consumption, and movement of butter out of storage for processing into butteroil.

Cheese stocks in Government hands fell from 113 million pounds in September to 101 million pounds in October compared with a rise of 12 million pounds a year earlier, due to heavier donations for domestic welfare programs.

Uncommitted stocks in CCC hands at the end of November amounted to 297 million pounds of butter, 69 million pounds of cheese, and 519 million pounds of nonfat dry milk. Compared with a year earlier, uncommitted butter stocks were up 147 million pounds; cheese stocks, 15 million pounds; and nonfat dry milk stocks, 333 million pounds.

COMMERCIAL MILK PRODUCTS . . .

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milk far exceeded the quantity that could be moved through available outlets, CCC instituted a program of disposing of nonfat dry milk at lower prices, 3½ to 4 cents per pound, for use in mixed animal feeds. At that time, as a result of the small 1953 soybean crop, the supply of soybean oil meal for feeding in 1953-54 was low. In addition to 22 million pounds of commercial dry skim milk in 1954, 571 million pounds of CCC's nonfat dry milk were used for animal feed.

Dried and concentrated buttermilk also were more extensively used for animal feeds in the 1940's than at present, running around 60 million to 85 million pounds until 1954. Since then, their use has fallen to about 20 million pounds yearly.

Concentrated and condensed whey, which were insignificant as animal feeds in 1940, became more extensively fed during World War II, reaching 160 million pounds in 1945, then declining. During the Korean War years, their use again rose to high levels but has since fallen to about 50 million pounds a year. The use of dried whey already was extensive in 1940, amounting to about one-fourth of the commercial milk products fed to livestock. It has risen in volume to above 210 million pounds in 1960 and 1961 and now accounts for more than 60 percent of the volume of commercial dairy products fed to livestock.

MILK PRODUCTION LEVELED . . .

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manufacturing milk. Further, research has demonstrated that, on an annual basis, fall-freshened cows normally outproduce spring-freshened cows of like productive capacity. These two forces have favored an increase in fall freshening and, therefore, an increase in fall and winter production, particularly when combined with improved feeding in those seasons.

The growing specialization of dairy farming is an additional, though unmeasured, factor in the levelling out of seasonal production. The number of milk herds with less than 30 cows declined about 40 percent from 1954 to 1959, and indications are that this downward trend continues.

Milk Fed To Livestock

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Milk fed to livestock includes several components: (1) Milk fed on farms where produced. This is comprised of fresh whole milk fed to calves, skim milk from farm-separated cream used for calves, hogs and poultry, buttermilk from farm-churned butter, and whey returned to the farm from the cheese factory which buys its milk. (2) Manufactured milk products, some of which may be used for either humans or animals. Among these products are dried and concentrated whey.

Skim milk may be dried for human use, in which case it is officially termed nonfat dry milk, and must meet specific standards for quality.

Market Quotations

JANUARY 1963

MINNESOTA - WISCONSIN PRICE SERIES	$3.10
MIDWEST CONDENSERIES 3.5% per Cwt.	3.033
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	2.80
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.101
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Tri-Sate)	2.999
Average Weekly Cheddars price per lb.	.3456
Average price per lb. 92-score butter at Chicago	.5797
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.1392

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BE STRONGER
LIVE LONGER
DRINK MILK